



DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING – October 2016

On a monthly basis, The Nigerian Stock Exchange polls trading figures from major custodians and market operators on their foreign portfolio investment (FPI) flows. The table below shows an analysis of transactions on The Exchange at the end of October 2016.

Table 1: Analysis of Transactions for the Period Ended 31 October 2016¹

All figures are in ₦ Billions

Period	Total	Foreign	Foreign %	Domestic	Domestic %	Foreign Inflow	Foreign outflow	Domestic Retail	Domestic Institutional
Jan 2016	84.10	43.37	51.57%	40.73	48.43%	17.01	26.36	18.88	21.85
Feb 2016	117.27	42.78	36.48%	74.49	63.52%	10.94	31.84	36.24	38.25
Mar 2016	96.31	34.44	35.76%	61.87	64.24%	15.40	19.04	23.35	38.52
April 2016	66.96	28.28	42.23%	38.68	57.77%	14.52	13.76	20.83	17.85
May 2016	103.92	40.58	39.05%	63.34	60.95%	20.96	19.62	32.69	30.65
June 2016	155.85	79.76	51.18%	76.08	48.82%	42.46	37.30	37.04	39.04
July 2016	90.19	44.28	49.10%	45.91	50.90%	23.43	20.85	20.96	24.95
Aug 2016	117.71	56.06	47.62%	61.65	52.38%	34.70	21.36	23.39	38.26
Sept 2016	94.77	43.59	46.00%	51.18	54.00%	24.41	19.18	20.23	30.95
Oct 2016	64.03	31.24	48.79%	32.79	51.21%	18.67	12.57	13.32	19.47
2015 YTD ²	1,667.27	901.12	54.05%	766.15	45.95%	421.92	479.20	334.51	431.64
2016 YTD ³	991.11	444.38	44.84%	546.72	55.16%	222.5	221.88	246.93	299.79

Note the significant decrease in transactions between August and October 2016.

Analysis

Domestic vs. Foreign 2016

Total transactions at the nation's bourse decreased significantly by 32.44% from ₦94.77 billion recorded in September 2016 to ₦64.03 billion (about \$0.21 billion)⁴ in October 2016. Also, total transactions from January to October 2016 decreased significantly by 40.55% from ₦1,667.27 billion recorded within the same period in 2015 to ₦991.11 billion in 2016.

We observed that both foreign and domestic activities are decreasing, however the domestic activity is decreasing faster. In October 2016, domestic investors outperformed their foreign counterparts by about 2.42%. Domestic transactions decreased by 35.93% from ₦51.18 billion in September 2016 to ₦32.79 billion in October 2016. FPI transactions decreased by 28.33% from ₦43.59 billion in September 2016 to ₦31.24 billion in October 2016.

¹ Methodology - The FPI outflow includes sales transactions or liquidation of portfolio investments through the stock market, whilst the FPI inflow includes purchase transactions on the Nigerian Stock Exchange (Equities only).

² 2015 YTD represents January to October 2015 transactions.

³ 2016 YTD represents January to October 2016 transactions. 2015 YTD and 2016 YTD are included for transaction comparison.

⁴ The Exchange rate as at 31 October 2016 was ₦304.50.



Monthly foreign inflows outpaced outflows as foreign inflows decreased by 23.51% from ₦24.41 billion in September to ₦18.67 billion in October 2016. Foreign outflows also decreased by 34.46% from ₦19.18 billion to ₦12.57 billion within the same period.

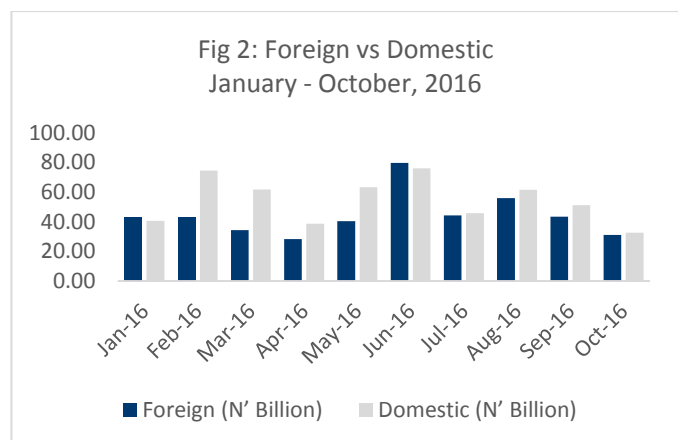
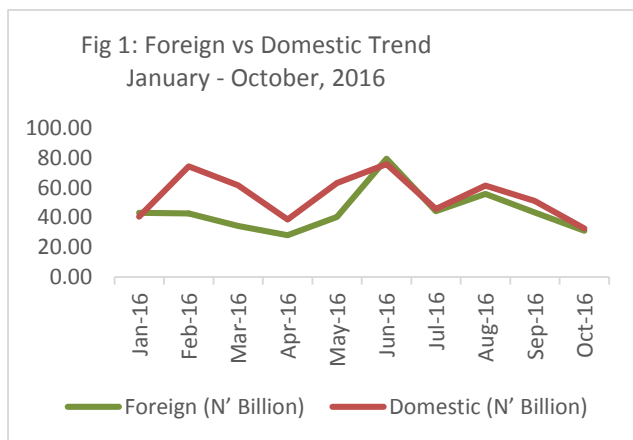


Fig 3: Retail vs. Institutional January - October 2016⁵

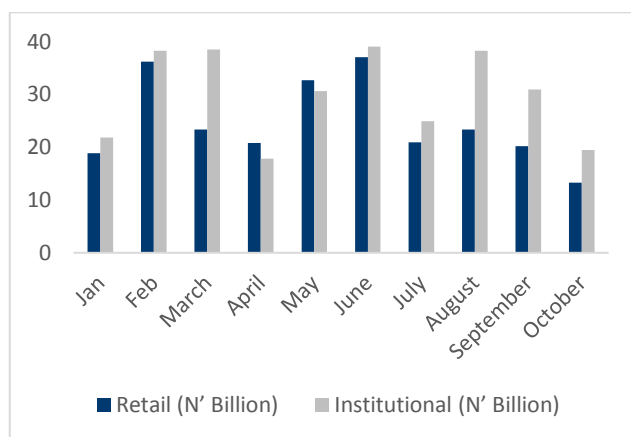


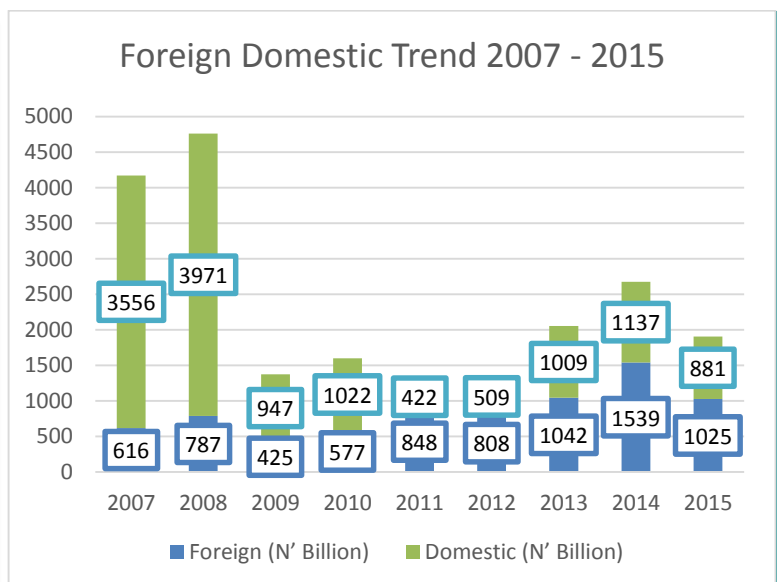
Fig 3 highlights the domestic composition of transactions on The Exchange between January and October 2016. The institutional composition of the domestic market decreased by 37.09% from N30.95b in September to N19.47b in October. The retail composition decreased by 34.16% from N20.23 in September to N13.32 in October. Institutional investors outperformed their retail counterparts in the period under review.

Fig 4 shows significant shift in FPI which outperformed domestic between 2011 and 2012.

In 2013, there was a major rebound in the domestic component which led to an almost equal split in foreign vs. domestic transactions.

This dropped in 2014 where FPI outperformed domestic transactions.

In 2015 FPI dropped compared to 2014. However, it slightly outperformed domestic transactions in the same period.



⁵ Information on the retail and institutional components of the total domestic transactions in October is based on data obtained from about 96% of Active Dealing Members of The Exchange.